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SUBJECT: DEPUTY TREASURY SECRETARY KIMMITT MEETS WITH
GERMAN INTERIOR MINISTER SCHAEUBLE

Classified By: EMIN Robert F. Cekuta for Reason 1.4 (b) and (d)

¶1. (C) Deputy Secretary of the Treasury Kimmitt met with German Interior Minister Wolfgang Schaeuble (CDU) February 8 as part of his discussions with senior German officials. Discussing TFTP/SWIFT, Schaeuble re-affirmed that the big issue is the need to balance our responsibilities to protect personal data as well as to strive to protect our citizens against terrorism. The lack of understanding in Germany and elsewhere in the EU of data protection and other constraints on accessing/using the information are a challenge we must confront. In response to the Treasury Deputy Secretary's suggesting a U.S.-EU exchange of letters on the subject, Schaeuble noted that a formal U.S./EU agreement regarding access to SWIFT's data would require the European Parliament's involvement. Treasury Deputy Secretary Kimmitt also raised implementation of UNSCR 1737 and the need to convince Iran to stop its efforts to acquire nuclear weapons capability; Schaeuble agreed to contact Foreign Minister Steinmeier and Economics Minister Glos, who have direct responsibility for the 1737 implementation, to confirm Germany is doing all it can. The Interior Minister raised Chancellor Merkel's transatlantic initiative to intensify economic cooperation between the U.S. and the EU. Schaeuble agreed with the Deputy Secretary's points, including that success of the initiative will send an important political as well as economic signal, and that, if the initiative is approved at the April Summit, ways must be found to continue momentum on the initiative beyond the term of Germany's presidency. Schaeuble noted it is important to ensure EU integration proceeds as part of the overall transatlantic partnership, not as something separate. End Summary.

Interior Minister Schaeuble: TFTP/SWIFT; UNSC 1737;
Transatlantic Economic Partnership

¶2. (C) Deputy Secretary Kimmitt began his discussion with Interior Minister Schaeuble by noting his late January talks in Brussels with EU Commissioner Frattini on the issue of TFTP/SWIFT -- part of the ongoing dialogue on the issue between the USG and the Commission. Treasury Deputy Secretary Kimmitt said Frattini encouraged him to meet with

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the relevant German ministers, in their EU Presidency capacity, to share views on the issue. Schaeuble noted that, while the Finance Ministry has the lead on SWIFT, he would do whatever he could to be helpful. The big issue, said Schaeuble, is balancing data protection responsibilities and counterterrorism. The Treasury Deputy Secretary assured Schaeuble the U.S. takes data protection as seriously as the Europeans, and agreed the challenge is to strike a balance between legitimate data-privacy concerns and protecting our publics from terrorist attacks. There are signs this view is

taking hold in European governments as well, he added, with the possible exception of within the European Parliament. The German Interior Minister agreed with this assessment.

¶3. (S) Treasury Deputy Secretary Kimmitt outlined the extraordinary measures the USG employs to ensure appropriate handling of data obtained from SWIFT. He noted all USG inquiries must be based on information obtained from law enforcement or intelligence sources, they may only seek specific, narrowly-defined information pertaining to the case, and the data must be requested in a Treasury subpoena. In addition, an outside auditing firm which reports to the auditing committee of the SWIFT board of directors must verify that the information sought is in fact in compliance with the subpoena. Only then does the USG obtain access to the data, he said, adding that the TFTP/SWIFT mechanisms have been the subject of careful scrutiny from the U.S. Congress and U.S. privacy organizations. Schaeuble said the perception in Europe is the U.S. obtains "boxes of information" and uses the data for purposes other than combating terrorism. The Treasury Deputy Secretary made clear there is no dual-use and the number of subpoenas issued is relatively small. Interior Minister Schaeuble indicated this reality is not well known in Europe -- the prevailing view is that the U.S. is a "developing country" in terms of data protection. It is important, he added, to make the USG safeguards known to European publics.

¶4. (C) Deputy Secretary Kimmitt added the USG recognizes access to SWIFT's data is a political as well as a law enforcement issue and wants to develop a common approach with the EU. Our goal, he noted is to agree on a mutually-acceptable approach by the time of the U.S.-EU Summit at the end of April. Treasury Deputy Secretary Kimmitt indicated we are making good progress on substance, but there is some disagreement over the form of a U.S-EU

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undertaking on SWIFT. Commissioner Frattini, Deputy Treasury Secretary Kimmitt noted, seems to favor a binding

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international agreement, whereas we prefer an exchange of letters through which we agree to respect each other's approaches on the issue. He asked that Germany support this procedural track. Schaeuble expressed understanding for our sense of urgency and observed that a formal international agreement would necessarily involve the European Parliament, something that would make the process more complicated.

¶5. (C) Deputy Secretary Kimmitt also raised the issue of UNSCR 1737 implementation, noting the resolution called for targeted sanctions against specific, illegal conduct, namely Iran's efforts to acquire a nuclear weapons capability. He pointed to the UNSC requirement that governments ensure their companies and banks do not further Iran's proliferation efforts. The Treasury Deputy Secretary said he understands work is being done in the European Commission to put the required regulatory mechanisms in place, which will then lead to member state implementation. We see the issue not as the U.S. against Iran, but Iran opposing the international community, he added. Given that the EU-3 had played a leading role in earlier negotiations with Iran, successful implementation of UNSCR 1737 should be especially important for Germany and other EU members.

¶6. (C) While noting implementation of Iran sanctions was not the direct responsibility of the Interior Ministry, Schaeuble emphasized that FM Steinmeier and Economics Minister Glos are deeply engaged on this issue. Schaeuble expressed confidence Germany is doing all that is needed and undertook to confer with Steinmeier and Glos to confirm this is the case.

¶7. (C) Schaeuble raised Chancellor Merkel's Transatlantic Economic Partnership initiative aimed at intensifying economic cooperation between the U.S. and EU. Deputy

Secretary Kimmitt said the USG fully supports the initiative

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from the President on down. Success of the initiative will also send a positive political signal in addition to its economic benefits. It is important, he continued, that we maintain momentum on the initiative beyond the term of Germany's EU presidency. The U.S. will seek concrete results by the time of the U.S.-EU Summit and mechanisms to ensure continuity thereafter. Schaeuble agreed with this approach, adding it is important to ensure EU integration proceeds as part of the overall transatlantic partnership.

¶8. (U) Treasury Deputy Secretary Kimmitt cleared this cable.
TIMKEN JR